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## OMB APPROVAL

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER

8- 66148

## FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: CWS SECURITIES, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

20 CORPORATE WOODS BLVD - 4<sup>TH</sup> FLOOR

(No. and Street)

ALBANYNY12211

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

DANIEL H LANDAUER(518) 432-1600

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION****PROCESSED**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

GROSSMAN & GROSSMAN LLP

(Name - if individual, state last, first, middle name)

FOUR EXECUTIVE PARK DRIVEALBANYNY12203

(Address)

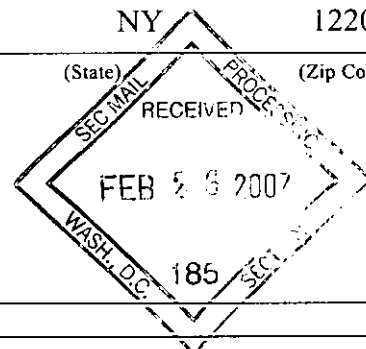
(City)

(State)

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

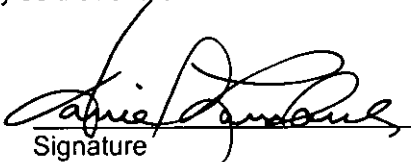
SEC 1410 (06-02)

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BB  
3/7/07

OATH OR AFFIRMATION

I, Daniel H. Landauer, affirm that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to CWS Securities, LLC, as of December 31, 2006, are true and correct. I further affirm that neither the Company nor any officer or member has any proprietary interest in any account classified solely as that of a customer.

  
Signature

2.23.07  
Date

\_\_\_\_\_  
President  
Title

  
Notary Public

MARY BETH WALLING  
NOTARY PUBLIC, STATE OF NEW YORK  
SARATOGA CO. 01WA5056219  
MY COMMISSION EXPIRES 3-4-10



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This report\* contains (check all applicable boxes):

- ☒ Independent auditor's report.
- ☒ (a) Facing page.
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- ☒ (c) Statement of operations.
- ☒ (d) Statement of cash flows.
- ☒ (e) Statement of changes in members' equity.
- ☐ (f) Statement of changes in liabilities subordinated to claims of general creditors (not applicable).
- ☒ Notes to financial statements.
- ☒ (g) Computation of net capital for brokers and dealers pursuant to Rule 15c3-1.
- ☒ (h) Computation for determination of reserve requirements for brokers and dealers pursuant to Rule 15c3-3.
- ☐ (i) Information relating to the possession or control requirements for brokers and dealers pursuant to Rule 15c3-3 (not required).
- ☐ (j) A reconciliation, including appropriate explanation, of the computation of net capital under Rule 15c3-1 (not required) and the computation for determination of the reserve requirements under Exhibit A of Rule 15c3-3 (not applicable).
- ☐ (k) A reconciliation between the audited and unaudited statements of financial condition with respect to methods of consolidation (not applicable).
- ☒ (l) An oath or affirmation.
- ☐ (m) A copy of the SIPC supplemental report (not required).
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (not applicable).
- ☒ (o) Independent auditor's report on internal control structure.
- ☐ (p) Schedule of segregation requirements and funds in segregation-customers' regulated commodity futures account pursuant to Rule 171-5 (not applicable).

\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



**GROSSMAN & GROSSMAN LLP**

Certified Public Accountants  
Four Executive Park Drive  
Albany, New York 12203  
(518) 438-3509

**Independent Auditor's Report**

To the Members  
CWS Securities, LLC  
Albany, New York

We have audited the accompanying statement of financial condition of CWS Securities, LLC (the Company) as of December 31, 2006, and the related statements of operations, changes in members' equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CWS Securities, LLC at December 31, 2006 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Grossman & Grossman LLP  
Certified Public Accountants

January 18, 2007

**CWS SECURITIES, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2006**

**ASSETS**

Cash	174,049	
Deposit with clearing broker	45	
Referral fees receivable	2,078,557	
Accrued interest receivable	772	
Prepaid expenses	<u>3,525</u>	
TOTAL ASSETS		<u>2,256,948</u>

**LIABILITIES AND MEMBERS' EQUITY**

**LIABILITIES:**

Accounts payable	8,900	
Due to affiliate	<u>21,600</u>	
TOTAL LIABILITIES		30,500
MEMBERS' EQUITY		<u>2,226,448</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY		<u>2,256,948</u>

The accompanying notes are an integral part of these financial statements.



**CWS SECURITIES, LLC**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2006**

**REVENUES:**

Referral fees	2,714,137
Commissions	7,327
Interest income	<u>10,171</u>

Total Revenues 2,731,635

**EXPENSES:**

Management fees paid to an affiliate	243,000
Professional fees	18,069
General and administrative	<u>36,519</u>

Total Expenses 297,588

NET INCOME 2,434,047

The accompanying notes are an integral part of these financial statements.



**CWS SECURITIES, LLC**  
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
**YEAR ENDED DECEMBER 31, 2006**

BALANCE, beginning	2,342,401	
Distributions to Members	(2,550,000)	
Net Income	<u>2,434,047</u>	
BALANCE, ending		<u><u>2,226,448</u></u>

The accompanying notes are an integral part of these financial statements.



**CWS SECURITIES, LLC**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income	2,434,047	
Net effect of changes in:		
Deposit with clearing broker	99,963	
Referral fees receivable	43,538	
Accrued interest receivable	( 772)	
Prepaid expenses	( 1,465)	
Accounts payable	( 75,012)	
Due to affiliate	( 100)	
Net cash provided by operating activities		2,500,199

**CASH FLOWS FROM FINANCING ACTIVITIES**

Distributions to members	<u>(2,550,000)</u>	
Net cash used in financing activities		<u>(2,550,000)</u>

**NET DECREASE IN CASH** ( 49,801)

**BALANCE AT DECEMBER 31, 2005** 223,850

**BALANCE AT DECEMBER 31, 2006** 174,049

The accompanying notes are an integral part of these financial statements.





**CWS SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2006**

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization** - The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company is a Delaware Limited Liability Company (LLC).

**Use of Estimates** - The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes for the periods presented. Actual results could differ from management's estimates.

**Commission revenues** - Commission revenues are derived from commissions related to agency customer transactions in equities and are recorded on a settlement date basis.

**Estimated Fair-Value of Financial Instruments** - The Company believes the amounts presented for financial instruments on the statement of financial condition consisting of cash, deposit with clearing broker, referral fees receivable, prepaid expenses, accounts payable and due to affiliate to be reasonable estimates of fair-value.

**Income Taxes** - The Company is a LLC, and as such is not subject to federal income tax as federal income is allocated to its members for inclusion in the members' respective tax returns.

**2. DEPOSIT WITH CLEARING BROKER**

The deposit with Pershing LLC is the cash balance that is maintained to facilitate proprietary trading. This deposit also serves as a guarantee to the clearing broker in the event customers fail to settle securities trading transactions. The contract with Pershing LLC was terminated during 2006 and the Company paid a termination fee in the amount of \$25,000. The deposit account will be closed during 2007.

**3. RELATED PARTY TRANSACTIONS**

Meridian Capital Partners Inc. (the "Affiliate") performs certain functions for the Company pursuant to a service agreement. The Company uses the services of certain affiliate employees and uses the affiliate's office space and equipment. The Affiliate is related to the Company through its shareholders which are also the members of the Company. The Affiliate allocates these expenses to the Company in connection with services provided. For the year ended December 31, 2006, allocated expenses of \$243,000 was recorded as management fees paid to an affiliate in the statement of operations. Of this amount, \$21,600 was unpaid as of December 31, 2006.



**CWS SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2006**

**4. NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. The Company is required to maintain net capital equal to the greater of \$5,000 or 6 2/3% of aggregate indebtedness. At December 31, 2006 the Company had net capital of \$140,952 which was \$135,952 in excess of required net capital.



## SCHEDULE I

**CWS SECURITIES, LLC  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2006**

**COMPUTATION OF NET CAPITAL**

MEMBERS' EQUITY		2,226,448
NON-ALLOWABLE ASSETS:		
Referral fees receivable	2,078,557	
Prepaid expenses	<u>3,525</u>	
Total non-allowable assets		<u>2,082,082</u>
NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITIONS		144,366
HAIRCUTS ON SECURITIES POSITIONS		<u>3,414</u>
NET CAPITAL		<u>140,952</u>

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

MINIMUM NET CAPITAL REQUIRED	<u>5,000</u>
NET CAPITAL IN EXCESS OF MINIMUM REQUIREMENT	<u>135,952</u>

There are no material differences between the amounts reported above and amounts reported in the Company's unaudited FOCUS Report, Part II, as of December 31, 2006. Therefore, no reconciliation of the two computations is deemed necessary.



## **SCHEDULE II**

**CWS SECURITIES, LLC  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2006**

The Company is exempt from SEC Rule 15c3-3 pursuant to paragraph (k)(2)(i) of the Rule.



**GROSSMAN & GROSSMAN LLP**

Certified Public Accountants  
Four Executive Park Drive  
Albany, New York 12203  
(518) 438-3509

**Independent Auditor's Report on Internal Control Structure**

To the Members of  
CWS Securities, LLC  
Albany, New York

In planning and performing our audit of the financial statements and supplemental schedules of CWS Securities, LLC (the Company), for the year ended December 31, 2006, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

To the Members of  
CWS Securities, LLC

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2006, to meet the SEC's objectives.

This report is intended solely for the information and use of the members, management, the SEC, the National Association of Securities Dealers, Inc. and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

  
Grossman & Grossman LLP  
Certified Public Accountants

January 18, 2007



GROSSMAN & GROSSMAN LLP - CERTIFIED PUBLIC ACCOUNTANTS - ALBANY, NEW YORK

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